



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

DIVISION OF
TELECOMMUNICATIONS

IN THE MATTER OF UNITED TELEPHONE COMPANY)
OF NEW JERSEY, INC. D/B/A SPRINT AND LTD)
HOLDING COMPANY FOR APPROVAL PURSUANT TO)
N.J.S.A. 48:2-51.1 AND N.J.S.A. 48:3-10 OF A CHANGE)
IN OWNERSHIP AND CONTROL)

ORDER

DOCKET NO. TM05080739

(SERVICE LIST ATTACHED)

BY THE BOARD:

This matter has been opened to the Board by the filing of a joint petition by United Telephone Company of New Jersey, Inc., d/b/a Sprint ("United NJ") and LTD Holding Company ("LTD") (collectively, "Joint Petitioners"), seeking Board approval of a change in the ultimate ownership and control of United NJ.

United NJ, a direct wholly-owned subsidiary of Sprint Nextel Corporation ("Sprint"), is an incumbent local exchange carrier ("ILEC"), authorized by the Board to operate in a certain geographic area in the State. LTD is a Delaware corporation and a newly-created subsidiary of Sprint. LTD was formed to allow Sprint to separate its ILEC service operations into an independent stand-alone company, and thus Sprint proposes in this petition to transfer ownership and control of United NJ to LTD. Upon completion of the proposed transaction, LTD will become the parent company of United NJ.

On August 26, 2005, Joint Petitioners filed a Petition with the Board for approval of this change of control, pursuant to N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10. The Board retained jurisdiction over this matter and designated Commissioner Connie O. Hughes to serve as the presiding Commissioner. A prehearing conference was held on October 11, 2005, and the Board issued its Prehearing Order on October 27, 2005. This Prehearing Order noted that, in keeping with the statutory requirements, the Board would consider the impact of the change of control on competition, rates, employees of the affected public utility, and the provision of safe and adequate utility service at just and reasonable rates.

The Board also decided two motions for intervention. The Communications Workers of America, AFL-CIO ("CWA") and AT&T Communications of NJ, LP ("AT&T") were both granted intervenor status in a Board Order dated October 27, 2005. In its motion for intervention, AT&T indicated that its interest in the case was generally limited to matters regarding an outstanding payphone dispute between United NJ and AT&T. Thus, the parties to this matter included the Joint Petitioners, the CWA, AT&T, the Division of the Ratepayer Advocate ("Ratepayer Advocate") and Board Staff.

Joint Petitioners pre-filed direct testimony with the Petition, and rebuttal testimony on December 21, 2005. CWA and the Ratepayer Advocate pre-filed initial testimony on November 28, 2005 and 29, 2005, respectively. A public hearing took place on the evening of January 11, 2006, in Clinton, New Jersey.

Over the course of the litigation process, the parties engaged in a "spirited" discovery process, resulting in the production of hundreds of documents and thousands of pages of information. Three separate motions to compel were filed by the Ratepayer Advocate, as well as a motion for sanctions and a motion to stay pending reconsideration. Commissioner Hughes, as the presiding Commissioner, issued provisional Orders on a number of these matters, while the others became moot based upon the current proposed stipulation of settlement. As such, it is unnecessary to go into detail on the specifics of the provisional Orders, issued on November 23, 2005, November 28, 2005 and January 4, 2006, other than to note that, following the Board's review of the record, the Board HEREBY FINDS that the decisions made by Commissioner Hughes were proper and appropriate, and thus the Board HEREBY ADOPTS those provisional Orders as its own and incorporates them fully into the record.

On December 14, 2005, United, AT&T, the Ratepayer Advocate and Board Staff entered into a stipulation of settlement, which was adopted by the Board in I/M/O the Filing by United Telephone Company of New Jersey, Inc. d/b/a Sprint, for Revision of Tariff New Jersey B.P.U. – No. 4 in Connection with Pay Telephone Reclassification and Compensation Provisions, BPU Docket Nos. TT97010021 & TR98050286 (December 21, 2005). Following this Board action, on January 3, 2006, AT&T filed a motion to withdraw from the present action. In the absence of any objection, the Board HEREBY FINDS that the withdrawal of AT&T is appropriate and proper, and HEREBY GRANTS AT&T's request.

On January 17, 2006, prior to the start of evidentiary hearings, Joint Petitioners, the Ratepayer Advocate and Board Staff entered into a stipulation (the "Settlement") consisting of a Stipulation of Settlement and conditions set forth in an Attachment A (attached). On January 23, 2006, CWA filed a letter and affidavit with the Board indicating it had reached a multi-state settlement with the Joint Petitioners and that it now sought to withdraw its opposition to the Petition and asked the Board to not consider any of its pre-filed testimony.

The Settlement includes a number of conditions that will be imposed upon United NJ upon Board approval. Specifically, United NJ will freeze its regulated intrastate tariff service rates until January 1, 2009, although the freeze does not apply to bundled service offerings where the total rate does not exceed the individual component rates, United NJ's stand-alone IntraLATA toll rates after January 1, 2007 or any service deemed competitive by the Board upon a filing after July 2, 2007. United NJ will provide advanced notice to Board Staff and the Ratepayer Advocate prior to any such filing. Likewise, United NJ will expand its existing Lifeline credit program, will develop and implement a discount program for services provided to schools and libraries (including ATM, Frame Relay, and PRI Data Services) and will continue its broadband deployment program. In return, the Ratepayer Advocate and Board Staff have agreed to drop

all objection to the proposed change in control, and have agreed that the requirements of N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10 have been satisfied.

DISCUSSION

Based upon prior Board precedent, we find that the appropriate standard of review for this transaction is the "positive benefit" standard. Accordingly, we find that in order for this Board to be justified in approving petitioners' proposed change in control, Joint Petitioners must demonstrate not merely that the transaction does no harm to any of the four statutory criteria, but that on aggregate, the transaction would affirmatively promote the public interest. Said another way, Joint Petitioners in this case must show, at a minimum, that some positive benefit would result from the transaction with respect to at least one of the four criteria, and that no harm would result with respect to the other three. With this standard in mind we now turn to the facts and opinions in evidence in this case to determine whether Joint Petitioners have made a sufficient showing with respect to the four statutory criteria to permit this Board to approve the proposed transaction.

N.J.S.A. 48:2-13 provides the Board with general supervision and regulation of and jurisdiction and control over all public utilities, including "every individual, copartnership, association, corporation or joint stock company . . . that now or hereafter may own, operate, manage, or control within this State any . . . telephone or telegraph system, plant or equipment for public use, under privileges granted or hereafter to be granted by this State or by any political subdivision thereof." The Board's authority and duty to review changes of control is set forth in N.J.S.A. 48:2-51.1, which provides that "[n]o person shall acquire or seek to acquire control of a public utility or indirectly through the medium of an affiliated or parent corporation or organization, or through the purchase of shares, the election of a board of directors, the acquisition of proxies to vote for the election of directors, or through any other manner, without requesting and receiving the written approval of the Board of Public Utilities. Any agreement reached, or any other action taken in violation of this act shall be void. In considering a request for approval of an acquisition of control, the board shall evaluate the impact of the acquisition on competition, on the rates of the ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates." Additionally, pursuant to N.J.S.A. 48:3-10, "[n]o public utility incorporated under the laws of this State shall sell, nor shall any such public utility make or permit to be made upon its books any transfer of any share or shares of its capital stock, to any other public utility, unless authorized to do so by the board. Nor shall any public utility incorporated under the laws of this State sell any share or shares of its capital stock or make or permit any transfer thereof to be made upon its books, to any corporation, domestic or foreign, or any person, the result of which sale or transfer in itself or in connection with other previous sales or transfers shall be to vest in such corporation or person a majority in interest of the outstanding capital stock of such public utility corporation unless authorized to do so by the board."

From these statutory requirements, the Board's obligation is clear: it must consider impacts of the transaction on competition, the rates of ratepayers affected by the acquisition of control, the employees of the affected public utility or utilities, and the provision of safe and adequate service at just and reasonable rates. Based upon the standard of review above, this review must show a positive benefit to the State and consumers, as well as no adverse impacts on any of the criteria. It is under this rubric that the Board makes its determination.

Joint Petitioners claim that the proposed transaction will have a positive impact on competition

in that where there was once one large wireless-focused company—Sprint Nextel—now there will be two entities competing for customers. Joint Petitioners note that Sprint Nextel has announced that it expects to pursue an aggressive strategy of serving as a wireless alternative to wireline service and to advance competition by, for example, enabling cable companies' voice offerings or using other technologies. Joint Petitioners argue that by separating the ILEC wireline operations from the wireless business, they will be better able to compete for customers and to bring new products to the marketplace more quickly. In addition, Paragraph 4 of Attachment A to the Settlement requires Joint Petitioners to continue broadband deployment pursuant to a new customer driven program.

Joint Petitioners also claim that the proposed transaction will not have an adverse impact on rates paid by customers in New Jersey. United NJ's basic residential rate of \$7.80 has not increased since 1991, and, under the terms of the Settlement, United NJ must maintain current rates for its regulated intrastate tariff services, with certain specified exceptions, through January 1, 2009. The Settlement also provides for an expansion of United NJ's existing Lifeline program, including increased monthly credits for all existing and future United NJ Lifeline customers.

Similarly, Joint Petitioners claim that employment levels at United NJ will not be impacted as a result of the separation transaction. As noted above, CWA has reached a multi-state agreement with the Joint Petitioners and has withdrawn its opposition to the transaction, as it apparently has resolved its concerns regarding employment and pension issues. Similarly, Paragraph 7 of Attachment A of the Settlement contains additional provisions negotiated by Staff and the Ratepayer Advocate regarding employee pension plans and assets.

Finally, Joint Petitioners state that they expect New Jersey customers to benefit from the single-minded focus of United NJ and LTD Holding Company on meeting local customers' needs. Moreover, the Settlement contains enhanced quarterly reporting requirements to permit the Board to monitor United NJ's on-going service quality performance. The Settlement also obligates United NJ to develop and implement a discount program for services provided by United NJ to schools and libraries (including ATM, Frame Relay, and PRI Data Services). This should ensure that New Jersey continues to receive safe and adequate service at just and reasonable rates. Thus, the Joint Petitioners call upon the Board to approve this transfer.

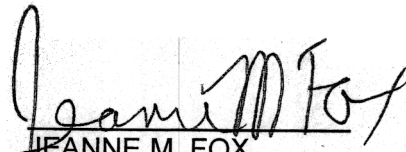
As noted above, all of the parties that initially opposed the application have, following the Settlements, withdrawn their opposition and now support Board approval of the Joint Petition.

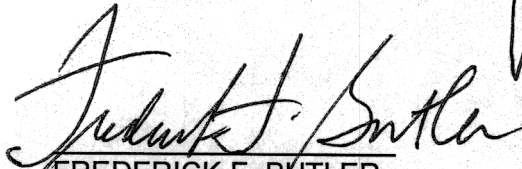
Following a full and careful review of the record, as well as the Joint Petition and the Settlements, the Board HEREBY FINDS that the proposed transaction satisfies the necessary legal standards, and that the transaction will likely result in a positive benefit to the State of New Jersey. The Board FURTHER FINDS that the transaction will not have a negative impact on any of the four statutory criteria. Therefore, the Board HEREBY ADOPTS the attached Settlement as if it were its own, and includes all terms and conditions of the Settlement, including Attachment A, as if set forth in full in this Order. The Board FURTHER ORDERS that the Joint Petitioners shall be authorized to engage in any transactions necessary or appropriate to affect the transaction, and that the Joint Petitioners shall notify the Board of the consummation of the transaction within 5 days of its finalization. The Board FURTHER ORDERS that this Order shall not limit, diminish or otherwise affect the Board's existing

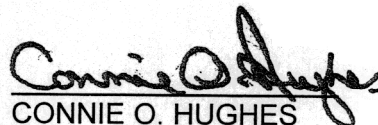
authority and jurisdiction over the Joint Petitioners. Finally, the Board FURTHER ORDERS that the approval in this Order shall become null and void and of no effect to the extent it has not been exercised prior to December 31, 2006.


DATED: 3/9/06

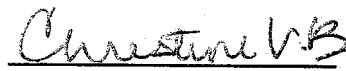
BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


CONNIE O. HUGHES
COMMISSIONER

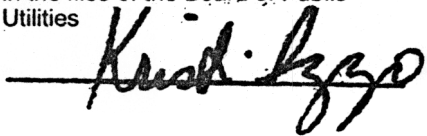

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



SERVICE LIST

Mark L. Mucci, Esq.
Colleen A. Foley, Esq.
Saul Ewing LLP
One Riverfront Plaza
Newark, NJ 07102

Donald Scarinci, Esq.
Andrew Indeck, Esq.
Scarinci and Hollenbeck, LLC
1100 Valley Brook Avenue
Lyndhurst, NJ 07071

Mark Trinchero, Esq.
Davis, White, Tremaine
1300 S.W. Fifth Avenue, Suite 2300
Portland, OR 97201

Zsuzsanna E. Benedek, Esq.
Sprint
240 North Third Street, Suite 201
Harrisburg, PA 17101

Seema M. Singh, Esq.,
Ratepayer Advocate and Director
Paul Flanagan, Esq.
Assistant Director
Christopher White, Esq.
Deputy Ratepayer Advocate
Jose Rivera-Benitez, Esq., Esq.
Assistant Deputy Ratepayer Advocate
Division of the Ratepayer Advocate
31 Clinton Street
P.O. Box 46005
Newark, NJ 07101

Anthony Centrella, Director
Division of Telecommunications
James Murphy
Competitive Services & Mergers
Lawanda Gilbert, Esq.
Counsel's Office
Rocco Della-Serra
Division of Telecommunications
Julie Huff
Division of Telecommunications
New Jersey Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Steven P. Weissman, Esq.
Weissman & Mintz, LLC
One Executive Drive
Suite 200
Somerset, NJ 08873

Sumanta Ray
Research Economist
CWA District One
80 Pine Street, 37th Floor
New York, NY 10005

Debbie Goldman
Research Economist
CWA, AFL-CIO
501 Third Street N.W.
Washington, D.C. 20001

Debbie Goldman
Research Economist
CWA, AFL-CIO
501 Third Street N.W.
Washington, D.C. 20001

William K. Mosca, Jr., Esq.
Wolf, Block, Schorr & Solis-Cohen LLP
101 Eisenhower Parkway
Roseland, NJ 07068

Frederick C. Pappalardo, Esq.
AT&T Communications of NJ, L.P.
340 Mt. Kemble Avenue
Morristown, NJ 07962

Kenneth J. Sheehan
Jeff Slutzky
Deputy Attorneys General
State of New Jersey, Division of Law
124 Halsey Street
P.O. Box 45029
Newark, New Jersey 07101

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

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4:52

: **IN THE MATTER OF THE JOINT PETITION :**
: **OF UNITED TELEPHONE COMPANY OF :**
: **NEW JERSEY, INC. D/B/A SPRINT AND LTD :**
: **HOLDING COMPANY FOR APPROVAL :**
: **PURSUANT TO N.J.S.A. 48:2-51.1 AND :**
: **N.J.S.A. 48:3-10 OF A CHANGE IN :**
: **OWNERSHIP AND CONTROL :**

BPU Docket No. TM05080739

STIPULATION OF SETTLEMENT

WHEREAS, United Telephone Company of New Jersey, Inc., d/b/a Sprint, ("United NJ") and TD Holding Company ("LTD") (collectively, the "Petitioners"), filed a Petition with the New Jersey Board of Public Utilities (the "Board" or the "BPU"), under BPU Docket No. M05080739 seeking approval of the proposed change in ownership and control of United NJ (the "Separation Transaction" and

WHEREAS, the other parties in this proceeding are the Staff of the Board (the "Staff"), the Division of the Ratepayer Advocate (the "Ratepayer Advocate"), the Communications Workers of America, AFL-CIO ("CWA") and AT&T Communications of NJ, LP¹ ("AT&T" and

WHEREAS, one public comment hearing were held on January , 2006 in the United NJ service territory; and

WHEREAS, the Petitioners, the Staff and the Ratepayer Advocate entered into settlement negotiations; and

WHEREAS, the Petitioners, the Staff and the Ratepayer Advocate have developed a comprehensive list of conditions of Separation Transaction approval, as set forth in Attachment A

hereto, which would be acceptable to them, which conditions address in a reasonable fashion the issues raised in this proceeding about the impact of the proposed Separation Transaction on United NJ and its customers, and have executed this Stipulation and Attachment A (the "Stipulation") by and between Petitioners, Staff and the Ratepayer Advocate (the "Signatory Parties"); and

NOW, THEREFORE, for and in consideration of the terms and conditions herein, the Signatory Parties executing this Stipulation HEREBY STIPULATE AND AGREE as follows:

1 Board Order. It is a condition of this Stipulation that the Board adopt a final Order approving the Separation Transaction and this Stipulation without change or further conditions. It is the further condition of this Stipulation that the Separation Transaction be consummated. Should the Board fail to adopt a final Order approving the Separation Transaction and this Stipulation, or should the Separation Transaction not be consummated for any reason, then this Stipulation shall be deemed null and void and of no force and effect. In the event either condition is not satisfied for any reason, then neither the existence of this Stipulation nor its provisions shall be utilized by any Signatory Party or person for any purpose whatsoever, including in this or any other proceeding.

2. Conditions of Separation Transaction. The conditions of separation agreed to by the Signatory Parties are set forth in Attachment A hereto, and are included herein as if fully written.

3 Reasonableness of Stipulation. The Signatory Parties agree that this Stipulation represents a reasonable balance of the competing interests involved in this proceeding. Based upon their review of the record and the agreements reflected in this Stipulation, the Signatory Parties are satisfied that the statutory criteria for approval of petitions involving the transfer of ownership and control of a New Jersey public utility, set forth in N.J.S.A. 48:2-51 and

N.J.S.A. 48:3-10 have been satisfied.

4. Termination. Notwithstanding anything to the contrary set forth herein, upon the occurrence of any of the following events this Stipulation shall terminate:

(a) if the Board issues a decision disapproving the Stipulation; or

f the Board issues a written order approving this Stipulation subject to any condition or modification of the terms set forth herein, inclusive of Attachment A, which an adversely affected Signatory Party, in its discretion, finds unacceptable. Such Signatory Party shall serve notice of unacceptability on the Parties within three (3) business days following receipt of such Board order. Absent such notification, the Signatory Parties shall be deemed to have waived their respective rights to object to the acceptability of such conditions or modifications contained in the Board order, which shall thereupon become binding on all Signatory Parties; or

if for any reason the Separation Transaction is not consummated.

5. Expeditious Board Approval. Each Signatory Party agrees to use its best efforts to ensure that this Stipulation shall be submitted to the Board for approval as soon as possible. Each Party also agrees to use its best efforts to obtain the approval by the Board of this Stipulation without modification or condition and to urge the Board to issue its written order approving this Stipulation and the Separation Transaction as soon as practicable.

6. Waiver of Rights of Appeal. Subject to paragraph 4 above, each Signatory Party specifically waives any right it may have to seek rehearing of or to appeal an order by the Board approving this Stipulation in the manner provided for herein.

Reservations.

(a) It is specifically understood and agreed that this Stipulation represents a negotiated compromise resolution which shall be binding on the Signatory Parties (and their successors and/or

assigns) and that, except as provided herein, no Signatory Party nor any other person shall be deemed to have approved, accepted, agreed, or consented to any principle underlying or supposed to underlie the Stipulation except as contemplated in Attachment A.

(b) Additionally, no Signatory Party shall be deemed to have waived its litigation rights and positions in the event this Stipulation is not approved by the Board as submitted to the Board without modification or condition, or in the event the Separation Transaction is not consummated. Although binding as between and among the Signatory Parties, this Stipulation represents a negotiated compromise and, therefore, this Stipulation may not be cited as precedent for or against any Party in any other proceeding except as contemplated in Attachment A.

(c) It is specifically understood and agreed that this Stipulation is an integral settlement and that the various parts hereof are not severable without upsetting the balance of consideration achieved among the Signatory Parties.

8. Amendments. This Stipulation may not be amended except by a written instrument executed by each of the Signatory Parties. Each Signatory Party may, only by an instrument in writing, waive compliance by any other Signatory Party with any term or provision of this Stipulation. The waiver by any Signatory Party of a breach of any term or provision of this Stipulation shall not be construed as a waiver of any subsequent breach.

9 Counterparts. This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Signatory Parties.

10. Governing Law. This Stipulation shall be governed by and construed in accordance with the laws of the State of New Jersey.

11 Assignments. This Stipulation shall be binding upon and inure to the

benefit of the parties hereto and their respective successors and permitted assigns. Neither this Stipulation nor any of the rights, interests or obligations hereunder shall be assigned or delegated by any Signatory Party without the prior written consent of the other Parties.

12 No Third Party Beneficiaries. Nothing herein expressed or implied shall be construed to give any person other than the Signatory Parties (and their successors and permitted assigns) any legal or equitable rights hereunder.

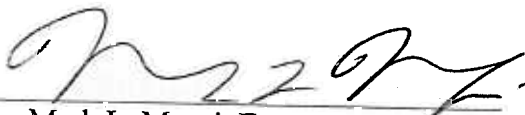
13. Captions. The subject headings of the sections of this Stipulation are inserted solely for the purpose of convenient reference and are not intended to, nor shall they, affect the meaning of any provision of this Stipulation.

14. Notices. Any notice, request, demand or statement which any Signatory Party may give to any other Signatory Party pursuant to the terms of this Stipulation shall be in writing and shall be considered as duly delivered as of the date and time actually received by the other Signatory Party by personal delivery, facsimile, registered or certified mail (postage prepaid) or nationally recognized overnight courier service, addressed to said Party's counsel of record in this proceeding

5 Entire Agreement. This Stipulation is submitted to the Board for approval as a whole, without modification. If a Signatory Party is adversely affected by a modification or condition to the Stipulation and provides timely notice in accordance with Paragraph 4, then the Stipulation shall be ineffective and void.

IN WITNESS WHEREOF, each Signatory Party hereto has caused its duly authorized representative to execute and deliver this Stipulation as of January 13, 2006.

United Telephone Company of New Jersey, Inc. *d/b/a* Sprint, and
LTD Holding Company, Petitioners

By: 
Mark L. Mucci, Esq.

Staff of the Board of Public Utilities

By: _____

Seema M. Singh, Esq.
Ratepayer Advocate

By: _____
Jose Rivera-Benitez, Esq.

IN WITNESS WHEREOF, each Signatory Party hereto has caused its duly
authorized representative to execute and deliver this Stipulation as of January 13, 2006.

United Telephone Company of New Jersey, Inc. d/b/a Sprint
LTD Holding Company

By: _____

Staff of the Board of Public Utilities
NANCY KAPLEN, ACTING ATTORNEY GENERAL OF NEW JERSEY

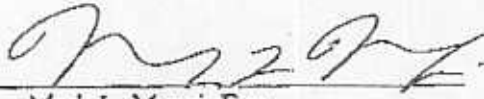
By: Jeff Slutzky
JEFF SLUTZKY, DEPUTY ATTORNEY GENERAL

Seema M. Singh, Director and
Ratepayer Advocate

By: _____

IN WITNESS WHEREOF, each Signatory Party hereto has caused its duly
authorized representative to execute and deliver this Stipulation as of January 13, 2006

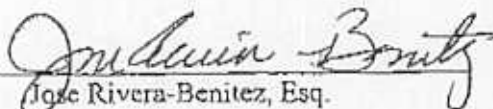
United Telephone Company of New Jersey, Inc. *d/b/a* Sprint, and
LTD Holding Company, Petitioners

By: 
Mark L. Mucci, Esq.

Staff of the Board of Public Utilities

By: _____

Seema M. Singh, Esq.
Ratepayer Advocate

By:  1/13/06
Jose Rivera-Benitez, Esq.

ATTACHMENT A

Dated: January 13, 2006

The Signatory Parties, as defined in the Stipulation, agree that the following outlines terms for full settlement of all issues in Docket No. TM05080739 ("United NJ Separation") pending before the New Jersey Board of Public Utilities ("Board" or "BPU"). The terms of this settlement take effect upon BPU approval by a written final order in this docket and implementation of the separation transaction.

1. United NJ will not increase rates for any of its regulated intrastate tariff services until January 1, 2009. However, this rate freeze will not apply to: (a) any bundled service offerings with the understanding that the bundled service offering rate shall not exceed the total rate of the individual components of the bundled service offering; (b) United NJ's stand-alone IntraLATA toll rates (which already have been deemed competitive by the Board) after January 1, 2007; or (c) any service determined by the Board to be a competitive service upon a filing after July 2, 2007. Furthermore, United NJ commits to provide to Rate Counsel and the Board's Staff twenty days' advance notice of intent to file for any increase to United NJ's stand-alone IntraLATA toll rates from January 2, 2007 through January 1, 2009. United NJ is not prohibited from filing a base rate and/or alternative regulation case prior to January 1, 2009 except that any such approved rates shall not become effective until January 1, 2009.
2. United NJ will expand its existing Lifeline program to include the following components: (a) a total \$3.50 monthly credit provided by United NJ, representing a \$.75 credit for touchtone and a \$2.75 credit, for existing and all future United NJ Lifeline customers; (b) educational promotion of United NJ's Lifeline program twice yearly via bill message included in all United NJ customers' bills; and (c) concurrent with the dates of the bill message discussed in paragraph 2(b) above, notification to county social services providers in each county served by United NJ of program availability. Lifeline participants may choose to purchase and pay for optional vertical features at applicable tariff rates. Program eligibles shall not be disqualified due to past due amounts, however, they can be limited to basic exchange rate service.

ATTACHMENT A

Dated: January 13, 2006

By July 1, 2006, United NJ will develop and implement a discount program for schools and libraries for services (*including ATM, Frame Relay, and PRI data services*) provided by United NJ. United NJ, at its discretion, may add services subject to the discount program based upon customer and business needs. This discount program for services will be included in United NJ's tariffs which will be filed with the BPU and provided to Rate Counsel. These discounts are in addition to any discounts from qualified E-rate program that any eligible participant may avail themselves of.

4. United NJ will continue its broadband deployment to customers based upon a *Bona Fide* Retail Request ("BFRR") Program focused on carrier serving areas ("CSAs"). When *bona fide* requests totaling at least 50 retail access lines are received by United NJ for broadband service from a single CSA, United NJ will provide DSL service, or a comparable service, in that CSA within twelve months of receipt of such requests totaling at least 50 retail lines or more. United NJ will provide a bill message to customers twice annually, in the July and January bills, advising them of the availability of its BFRR program. United NJ will advise the BPU and Rate Counsel of the manner in which it administers the program.
5. Regarding the yellow pages issue raised by Rate Counsel in the United NJ Separation case, Joint Petitioners, LTD Holding Company and United NJ, will not in United NJ's next base rate or alternative rate case argue that the revenue "sharing" proposal raised by Rate Counsel in this case should have been addressed in the United NJ Separation case; provided that United NJ retains the right to raise any and all arguments in opposition to Rate Counsel's adjustment(s) and proposal(s) on this issue. Further, Joint Petitioners, commit that they will not argue, advance or litigate that Sprint Nextel Corporation is the responsible party or entity for assurance of the revenues associated with any Rate Counsel adjustment(s) and proposal(s) on this issue.

ATTACHMENT A

Dated: January 13, 2006

6. United NJ agrees to abide by all applicable BPU service requirements (currently codified at N.J.A.C. 14:10-1.10) now in effect or as may be amended by the BPU. In addition, United NJ will provide quarterly reports to the Board and to Rate Counsel commencing July 1, 2006 and ending December 31, 2008.
- 7 From the date the BPU approves the separation, through and including January , 2009:
 - (a) If there is a freeze (*i.e.*, pension accruals cease) and/or a termination of the Pension plan for employees and retirees of United NJ existing at the time of the separation, there will be notification provided to the BPU and Rate Counsel containing an explanation of the impact, if any, on the United NJ expenses and return included in rates, with any proposed adjustment. The filing of a notice pursuant to this paragraph shall not be construed as the initiation of a proceeding before the Board.
 - (b) If the pension plan for employees and retirees of United NJ existing at the time of the separation is terminated, and there is an excess amount in the plan not distributed to plan participants, Rate Counsel reserves the right to argue that the excess pre-tax amounts be shared with ratepayers
 - (c) In the next United NJ rate case, to the extent pension contributions are proposed to be increased and included in rates, Rate Counsel reserves the right to argue that the allocation of the pension assets at separation caused some or all of the additional contribution, and to argue to disallow from rate recovery that portion of the additional pension contribution. And,
 - (d) The Signatory Parties reserve their rights to all arguments with respect to the pension provisions in paragraph 7.